

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 3806 - HB 3940

March 5, 2010

SUMMARY OF BILL: Establishes a system for grievance procedures and external review of disputed health insurance claims. Requires a health carrier to inform all covered persons in writing of the right to request an external review after exhausting the health carrier's internal grievance process and include the procedure for a request of an expedited external review in certain instances. Failure for an insurer to respond within 30 days of receiving an internal review request will result in that process being considered exhausted. All requests for an external review must be made to the Department of Commerce and Insurance in writing within four months of receiving notice of final adverse determination from a health insurer. Establishes a timeline in which the external review process must be completed and establishes criteria for determining if a request is eligible for external review. Authorizes the Department of Commerce and Insurance to approve and assign an independent review organization to perform the external review. Establishes guidelines for the independent review organization to consider when conducting the external review and a timeline for the health insurance carrier to provide information to the independent review organization.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Not Significant

Increase Local Expenditures – Not Significant

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): The proposed legislation would result in an increase in the administrative costs of health insurance plans. Any cost is estimated to be not significant and will not result in a significant increase in health insurance premiums.

Assumptions:

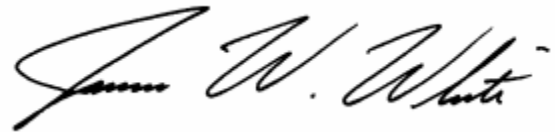
- The Department of Commerce and Insurance will be responsible for the administration and enforcement of the provisions of the bill including receiving and assigning all requests for an external review and reviewing appeals of adverse determinations by a health insurer.
- The Department will be responsible for approving, maintaining, and updating the list of all approved independent review organizations.

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- The Department will collect the annual reports from both the health carriers and the independent review organizations.
- Any cost incurred by the Department to perform these additional duties can be accommodated within existing resources without an increased appropriation or reduced reversion.
- The TennCare program and the State Employee, Local Government, and Local Education Health Plans will not be impacted by the provisions of the bill.
- Any local government that does not opt into the state sponsored plans may incur an increase in administrative costs. Any cost can be accommodated within existing resources.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/kml